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15 June 1958

ECONOMIC INTELLIGENCE COMMITTEE
SUBCOMMITTEE ON ELECTRIC POWER AND SOLID FUELS

TO : All Subcommittee Members
FROM : Acting Secretary
SUBJECT: FY'58 Annual Report

Enclosed is a copy of the FY'58 Annual Report of the
Subcommittee.

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Control 487316
EPSP-D-10
15 June 1958

ECONOMIC INTELLIGENCE COMMITTEE

SUBCOMMITTEE ON ELECTRIC POWER AND SOLID FUELS

TO : Executive Secretary, EIC

FROM : Chairman, EIC Subcommittee on Electric Power and Solid Fuels

SUBJECT: EIC Subcommittee Annual Report, FY'58

REF : EIC-D-289, 6 May 1958

A. GENERAL REPORT ON FY'58

The Subcommittee held one meeting during the year to review an external research project. Informal coordination of collection activities, discussion of intelligence problems, and agreement on statistics continued, as in the past, to meet the needs of the individual members of the Subcommittee. This report will therefore outline the major activities of the individual members, which contributed toward the furtherance of intelligence objectives.

The de-emphasis of electric power intelligence research by the Air Force was high-lighted during the year by the abolition of the electric power unit in AFCEP 3A. The research responsibilities have been divided between CIA, which will do the Target Data Inventories, and the Air Research Division at the Library of Congress, which will do target complex studies.

B. SPECIFIC ACTIVITIES DURING FY'58

1. Review of Intelligence Product

No activity

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2. Research and Collection Deficiencies

- a. See Annex A for statement of priority research.
- b. No change has been made in priority collection requirements during FY '58.
- c. EIC Post Mortems and Validity studies have not been received by this Subcommittee.

3. Review of Substantive Papers

No activity

4. Review of Proposals for External Research

The Subcommittee reviewed a CIA-sponsored external research project on "Establishing Economic Criteria for Adoption of Nuclear Power Plants", and recommended that the project be undertaken. The EIC concurred. The contract was let in March, 1958.

5. Maintenance of Agreed Basic Statistics

As in the past, annual agreement on basic statistics on electric power and solid fuels has been obtained through informal liaison.

6. Projects Undertaken at Request of EIC

None

7. Intelligence Research Techniques

No activity

8. Special Coordination Functions

a. Assistance was given to the IAC Ad Hoc Committee on Exchanges with regard to an exchange of electric power delegations. A revised itinerary for the USSR was created and agreed terms for the exchange were drawn up. The terms and the itinerary were presented to the USSR, without result to date.

b. EIC's for Czechoslovakia, Albania, Communist China, and Poland were coordinated between the interested members.

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9. Evaluation of the Role of the Subcommittee

The activities of Subcommittee members in the field of electric power and solid fuels continued to decline in FY'58. At the present time CIA and Army have an active research program in electric power, and only CIA has a solid fuels research program. The Army continues to carry responsibility for the electric power contribution to the NIS.

C. FUTURE PROGRAM

Electric Power

The FY'59 research program of CIA will continue to emphasize economic aspects: investment, costs of production, consumption, and support to research on the USSR atomic energy program. Army will continue to have responsibility for the NIS program.

Solid Fuels

As in the past, CIA will have the main research responsibility for NIS production and economic research on solid fuels in the Soviet bloc.

It is expected that the Subcommittee will continue informal coordination, with formal coordination when desirable.

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Acting Secretary

EIC Subcommittee on
Electric Power and Solid Fuels

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ANNEX A

PROGRESS REPORT ON PRIORITY DEFICIENCIES OF RESEARCH
By DIS Subcommittee on Electric Power and Solid State

<u>Gaps in Intelligence and Future Research</u>	<u>Progress to Date</u>
<u>I. Critical Deficiencies</u>	<u>I.</u>
1. <u>National, regional, and individual power plant capacities in the Soviet Bloc.</u> <u>CIA</u> will continue revisions of Target data inventories. <u>Army</u> NIS Section 62D on the USSR, East Germany, and Hungary will list power plants and capacities.	1. (a) <u>CIA</u> revised the Target Data Inventory for the Air Force. (b) <u>Army</u> NIS Section 62D on Albania, Poland, Czechoslovakia, and Communist China listed power plants with capacities.
2. <u>Consumption of electric power in the Sino-Soviet Bloc.</u> <u>CIA</u> study will continue with publication expected in FY '59.	2. (a.) <u>CIA</u> is engaged in a comprehensive study of electric power consumption in the USSR by sector, industry, and by region.
3. <u>Transmission Lines</u> <u>CIA</u> has projected for FY '59 a study of the high tension network of the USSR.	No specific studies undertaken in FY '58.
4. <u>Economic factors in the growth of national electric power industries in the Sino-Soviet Bloc.</u> <u>CIA</u> will in FY '59 undertake a study of the cost of electric power in the USSR.	4. (a) <u>CIA</u> participated during FY '58 in a study of the influence of the raw materials and energy sectors of the USSR economy upon general economic growth in the country.

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ANNEX B

RESEARCH ON SOLID FUELS IN THE SINO-SOVIET BLOC DURING FY '58 and '59

No priority deficiencies have been established for solid fuels research on the Sino-Soviet Bloc. The following major projects were completed or started during FY '58.

Progress to Date

CIA NIS 62B Albania
NIS 62B Poland
NIS 62B Czechoslovakia
NIS 62B Communist China

CIA undertook in FY '58 a study of the influence of the raw materials and energy base of the Soviet economy upon the economic growth of the USSR. Solid fuels research was a major portion of the project.

Future Research

CIA NIS 62B East Germany
NIS 62B Hungary
NIS 62B USSR

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MISSING PAGE

ORIGINAL DOCUMENT MISSING PAGE(S):

142

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EIC-M-74

31 July 1958

that these contracts did not result in finished intelligence per se; and that he questioned the desirability of EIC review of NIS contract work. The Chairman stated that this required further consideration and that it might be appropriate for the EIC to report to the IAC the fact that external research contracts in support of NIS production are not reviewed by the EIC.

8. Action: The members agreed to a number of minor changes in EIC-S-30, including an ICA suggested substitution for two of the paragraphs in the "findings". The members further agreed that when produced the report should be transmitted by the Chairman to the IAC principals and to the non-IAC Associate Members as well as the IAC members of the EIC with a notation that the Survey might be useful to them as guidance in the planning and organization of their economic intelligence research activities and in obtaining assistance in specified fields from other agencies.

DISCUSSION OF MODEL TERMS OF REFERENCE FOR EIC SUBCOMMITTEES:
(EIC-D-304, EIC-D-304/1, and EIC-D-304/2)

9. Discussion: A draft letter to EIC Subcommittee Chairmen on the subject of Revision of Subcommittee Terms of Reference and the "Model Terms of Reference for Subcommittees of the Economic Intelligence Committee" attached thereto was reviewed by the EIC representatives.

10. Action: The draft letter to the EIC Subcommittee Chairmen and the "Model Terms of Reference for Subcommittees of the Economic Intelligence Committee" were approved with some modification.

REVIEW OF ACTIVITIES OF SUBCOMMITTEE ON ELECTRIC POWER AND SOLID FUELS: (EIC-D-314)

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11. Discussion: The Chairman of the Subcommittee on Electric Power and Solid Fuels, [REDACTED] commented briefly on the Subcommittee's activities in the past year and indicated that the Subcommittee will continue its informal coordination activities and will undertake formal coordination when desirable.

12. Action: The Chairman of the EIC stated that he felt that the Subcommittee could serve as a useful forum for discussing some of the problems of economics of nuclear power production, and that an effort should be made to obtain an agreed statement of priority collection deficiencies in the field of electric power and solid fuels, particularly for the Soviet Bloc. It was suggested that the Subcommittee hold periodic formal meetings not only to prepare its annual report, but also to act as a clearing house for discussion of research work in its field.

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Control No. 487744
EIC-D-314
28 July 1958

EIC/S BRIEF ON SUBCOMMITTEE ON ELECTRIC POWER AND SOLID FUELS

REFERENCES: General Concept and Functions of EIC Subcommittees,
EIC-D-123/2, 20 December 1955
SC Terms of Reference, Approved by EIC in November, 1953
SC Annual Report for FY 1956, see EIC-D-187,
19 October 1956
SC Annual Report for FY 1957, see EIC-D-249,
18 September 1957
SC Annual Report for FY 1958, see EIC-D-307,
21 July 1958

1. The Subcommittee on Electric Power and Solid Fuels has been relatively inactive during the past several years. It met once in FY 1955, once in FY 1956, held no meetings in FY 1957, and one meeting in FY 1958. Previous formal inactivity is explained in part by the prolonged illness of the past Chairman, and in part by the fact that none of the SC members felt that formal meetings were necessary since most coordination could be carried out effectively by informal means.

2. During the past several years the SC activity has consisted principally of: informal coordination of collection activities; discussion of intelligence problems and agreement on statistics; coordination of NIS's; assistance to the IAC Ad Hoc Committee on Exchanges in the evaluation of delegation exchanges in this field; and review of a CIA-proposed external research project on "Establishing Economic Criteria for Adoption of Nuclear Power Plants." In 1956 the SC drafted a survey of priority deficiencies in research on Sino-Soviet Bloc electric power which, after review by the Secretariat, was returned to the SC for further study and updating. However, the SC has not yet been able to complete the revision, although it has made an annual review of progress in filling deficiencies.

3. Evaluation of SC Role*

The SC evaluates its role as follows:

"The activities of Subcommittee members in the field of electric power and solid fuels continued to decline in FY'58. At the

* From SC Annual Report for FY 1958.

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EIC-D-31
28 July 1958

present time CIA and Army have an active research program in electric power, and only CIA has a solid fuels research program. The Army continues to carry responsibility for the electric power contribution to the NIS."

4. Future SC Program*

"Electric Power

"The FY '59 research program of CIA will continue to emphasize economic aspects: investment, costs of production, consumption, and support to research on the USSR atomic energy program. Army will continue to have responsibility for the NIS program.

"Solid Fuels

"As in the past, CIA will have the main research responsibility for NIS production and economic research on solid fuels in the Soviet bloc.

"It is expected that the Subcommittee will continue informal coordination, with formal coordination when desirable."

* From SC Annual Report for FY 1958.

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NOTES AND RECOMMENDATIONS FOR THE CHAIRMAN:

5. Membership of the EPSF SC is as follows:

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CIA

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Chairman

Acting Executive Secretary

State

Herbert H. Glantz, DFI

Elizabeth N. Landeau (Alternate), DRS

Army

John R. Vogler, EID, OCE

Air Force

Delbert G. Schroeder, APCIE-3

Gilbert P. Holt (Alternate), APCID-3

Interior

T. Reed Scollon, Bureau of Mines

OSD

George A. Grimm, Properties and Installation

6. In the data reported for the survey of US Government personnel engaged in economic intelligence and related research (KIC-S-30), (see Tab A, attached), all agencies showing an active interest in these fields are represented on the SC except Navy, whose interest is principally in nuclear energy.

7. This SC has several special problems stemming principally from the fact that the fields are divergent, agency interests are quite dissimilar, and the work is usually handled by separate staffs, so that many of the agency representatives on the SC have little in common. For example, in Bloc solid fuels only CIA is actively engaged in economic intelligence. Interior does some work on this area but no other members report any activity. In the field of Bloc electric power the interest is wider but again CIA carries on the bulk of the effort. AF has recently de-emphasized its activities on electric power and CIA is to provide the data for Target Data Inventories. On non-Bloc areas, only Army reported work on electric power (particularly for the NIS's), and only Army and Interior reported on solid fuels. For nuclear energy, AF and CIA report the major effort on Bloc areas and Army on non-Bloc areas.

8. This SC should review its Terms of Reference and at the same time take a soul-searching look at what and how it can make its best contribution to the economic intelligence community. It should arrange to meet formally on occasion, at least once a year, and review the intelligence requirements in its field and the progress being made. The Priority Research Deficiencies on Sino-Soviet Bloc Electric Power should be completed and submitted to the KIC for review and approval, without further undue delay. A certain amount of judicious direction on the part of the SC Leadership might build up a

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better esprit-de-corps for this SC, although there appears to be no real need at this time for a very active SC.]

9. The SC might well consider the needs as they relate to nuclear power and, if feasible, come up with some priority research and collection deficiencies as a step forward in this new field of power.

10. It might be well to consider a change in the SC designation to, say, "SC on Energy" or some similar general designation, although it does not seem appropriate at this time to merge this SC with the Petroleum SC, whose operations are area-wide and whose program is well integrated.

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TAB A

<u>Energy</u>	<u>USSR</u>	<u>Eastern Europe excl. USSR</u>	<u>Com. China & Far East. Sats.</u>	<u>Sino-Soviet Bloc</u>	<u>Total</u>
<u>Electric Power</u>					
State	0	0	.10	0	.10
Army	1.10	.35	.06	.25	1.76
AF	2.00*	0	0	0	2.00
CIA	2.60	1.30	1.40	.10	5.40
	<u>5.70</u>	<u>1.65</u>	<u>1.56</u>	<u>.35</u>	<u>9.26</u>
<u>Nuclear</u>					
Army	.06	.04	.02	0	.12
Navy	0	0	0	.25	.25
AF	0	0	0	6.00*	6.00
CIA	5.00	0	0	0	5.00
	<u>5.06</u>	<u>.04</u>	<u>.02</u>	<u>6.25</u>	<u>11.37</u>
<u>Solid Fuels</u>					
CIA	.90	3.90	1.50	0	6.30
Interior	.32	.15	.03	0	.50
	<u>1.22</u>	<u>4.05</u>	<u>1.53</u>	<u>0</u>	<u>6.80</u>

<u>Energy</u>	<u>Europe</u>	<u>Africa</u>	<u>Mr. East</u>	<u>S. & S.E. Asia & Far East</u>	<u>West. Hemis.</u>	<u>Non- Bloc</u>	<u>Total</u>
<u>Electric Power</u>							
Army	1.60	.60	.10	.76	.66	0	3.92
<u>Nuclear</u>							
Army	.06	.01	.02	.01	.01	0	.11
Ex-Im Bank	0	0	0	0	0	.25	.25
	<u>.06</u>	<u>.01</u>	<u>.02</u>	<u>.01</u>	<u>.01</u>	<u>.25</u>	<u>.36</u>
<u>Solid Fuels</u>							
Army	.05	0	0	0	0	0	.05
Interior	2.50*	1.00*	.50	.35*	1.00*	0	5.35
	<u>2.55</u>	<u>1.00</u>	<u>.50</u>	<u>.35</u>	<u>1.00</u>	<u>0</u>	<u>5.40</u>
<u>Unallocated</u>							
State	0	0	0	.10	0	2.05	2.15

* Including contract personnel.

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